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Sustainable development**Entrepreneurship for Sustainable Development****Report of the Secretary-General***Summary*

The United Nations Conference on Trade and Development (UNCTAD) prepared the present report in cooperation with the Department of Economic and Social Affairs to review progress made in the implementation of General Assembly resolution 71/221 on entrepreneurship for sustainable development since its adoption in December 2016. The report includes discussion of best practices and initiatives taken to support entrepreneurship at the national, regional and international levels, including with regard to the identification, formulation, implementation and assessment of coherent policy measures on entrepreneurship and the promotion of micro-, small and medium-sized enterprises. There is a special focus on policies aimed at promoting social entrepreneurship in recognition of its role in creating alternative sustainable models of production, finance and consumption to respond to social, economic and environmental issues, particularly in the context of the 2030 Agenda for Sustainable Development. Tools to monitor progress in the implementation of entrepreneurship policies are also discussed and the report highlights the importance of indicators to measure the impact of entrepreneurship policies on economic development and the implementation of the Sustainable Development Goals.

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I. Introduction

1. The General Assembly adopted resolution 71/221 on entrepreneurship for sustainable development on 21 December 2016. Under the resolution, the General Assembly recognizes the important contribution entrepreneurship makes to sustainable development by creating jobs and driving economic growth and innovation, improving social conditions and addressing social and environmental challenges in the context of the 2030 Agenda for Sustainable Development. The need for a comprehensive and holistic approach to entrepreneurship that includes long-term and cross-sectoral strategies is stressed in the resolution.

2. As requested, the Secretary-General submits the present report to the General Assembly at its seventy-third session on the progress made in implementing resolution 71/221 since its adoption. Chapter II illustrates good practices in the formulation and implementation of entrepreneurship policies. Chapter III highlights the emergence of initiatives aimed at promoting regional cooperation and enhancing the effectiveness of entrepreneurial ecosystems at the city level. Chapter IV focuses on initiatives and best practices regarding policy measures to promote social entrepreneurship and chapter V highlights the importance of tools to monitor progress on policy implementation and of indicators to measure the impact of entrepreneurship policies on economic growth and the implementation of the Sustainable Development Goals.

II. Best practices on the implementation of entrepreneurship policies

3. This chapter provides references to best practices in the formulation and implementation of entrepreneurship policies. It is structured according to the six pillars of the Entrepreneurship Policy Framework of the United Nations Conference on Trade and Development (UNCTAD).

4. Since 2016, the Governments of several countries have made efforts to design and implement entrepreneurship policies as a part of their national economic development strategies. Positive steps have been made towards a more integrated approach to entrepreneurship, building on the links between the regulatory framework, education, technology and innovation, access to finance and awareness-raising.

5. One significant trend has been the enhanced policymaking cooperation on micro-, small and medium-sized enterprises (MSMEs) and entrepreneurship development at a global level. In particular, the following international ministerial activities have taken place since 2016:

- UNCTAD facilitated a global high-level policy dialogue on the promotion of entrepreneurship at its World Investment Forum in Nairobi in 2016. The dialogue will be further enhanced at the next Forum, which will take place in Geneva in October 2018. The ministerial round tables on entrepreneurship at the Forum are aimed at sharing best practices on building a competitive micro-, small and medium-sized enterprises sector to develop local supply capacity, create jobs and promote sustainable and inclusive investment. The round table in 2018 will focus on the role of entrepreneurship in achieving the Sustainable Development Goals and, in particular, Goal 9, to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
- At the Organization for Economic Cooperation and Development (OECD) Ministerial Conference on SMEs (small and medium-sized enterprises), which

took place in Mexico City in February 2018, the Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth was adopted. The Declaration, which was signed by 55 countries and the European Union, contains a call for the creation of favourable conditions, including through effective and innovative policies or regulation, for businesses to start, grow and thrive in established and emerging sectors, including through collaborative practices.¹

- The Startup Nations Ministerial conference was organized by the Global Entrepreneurship Network in April 2018 in Istanbul. In a joint declaration, signed by 15 countries and the European Union, participants confirmed the imperative need for a high-level dialogue between policy leaders and entrepreneurship policy experts about how public-sector agencies can encourage entrepreneurial growth and the emergence of high-growth firms.

6. Pursuant to resolution 71/221, UNCTAD continued to provide support to Member States, where requested, on the formulation and implementation of entrepreneurship policy measures and the promotion of micro-, small and medium-sized enterprises. Those activities were based on the Entrepreneurship Policy Framework and carried out together with development partners (see box 1).

Box 1

Countries that have adopted the Entrepreneurship Policy Framework in their national strategy

Cameroon. The Government of Cameroon, with the support of the International Organization of la Francophonie, has begun developing an entrepreneurship strategy, with a focus on women and youth.

Dominican Republic. With the adoption of its national entrepreneurship strategy, the Government has promoted the creation of a national entrepreneurship network to support micro-, small and medium-sized enterprises and the enactment of legislation on entrepreneurship. Entrepreneurs have access to micro-, small and medium-sized enterprise centres, which provide advice on how to execute ideas, assistance in preparing financing plans and help with digital and technological tools.

Ecuador. Under its national strategy, Ecuador seeks to become one of the most attractive countries in Latin America in which to start and grow a business and thereby to generate new enterprises with export potential, decent jobs and more opportunities for Ecuadorians and for economic growth and development. The strategy accords high priority to innovation, market access and entrepreneurship education and skills development, proposes investment in human resources and technology development and favours local absorptive capacity. Under the related action plan, more than 150 public and private-sector partnerships have been mobilized.

Ethiopia. UNCTAD and the United Nations Industrial Development Organization (UNIDO) are helping the Government of Ethiopia to formulate a national entrepreneurship strategy to increase self-employment opportunities for young people and women.

¹ OECD, "Strengthening SMEs and entrepreneurship for productivity and inclusive growth". Key issues paper (Mexico City, 23 February 2018).

Gambia. The entrepreneurship policy adopted in 2017 aims to remove obstacles and burdensome requirements that hamper business operations, to upgrade entrepreneurship education and skills, to facilitate access to finance and to support new businesses that use innovation and technology to meet environmental challenges. The policy also aims to promote an entrepreneurial spirit and address cultural biases, including on gender, with a focus on the status of women entrepreneurs and those from other disadvantaged groups. Most initiatives will be in partnership with the private sector, coordinated by the Gambia Investment and Export Promotion Agency.

United Republic of Tanzania. In line with the National Development Vision, the Government formulated an inclusive national entrepreneurship strategy in 2017, which aims to achieve economic empowerment and effective participation in social progress of all. It integrates all key areas for promoting entrepreneurship and seeks results for all, including young people, women, the elderly, persons with disabilities and members of other marginalized groups. It focuses on innovative, high-tech and high-growth start-ups, with targets for small and medium-sized enterprises in different stages of their business life cycle.

Source: UNCTAD.

7. One important aspect of the growing role of entrepreneurship policies is linked to the recent proliferation of industrial policies. A global survey of industrial policies by UNCTAD shows that, since 2013 alone, at least 84 countries, developed and developing and accounting for around 90 per cent of global gross domestic product (GDP), have adopted formal industrial policies.² A key driver for the modernization of industrial policies has been the adoption in many developing countries of policies to promote the global value chain. Improving the participation of local suppliers in the value chain requires timely and quality delivery within it and appropriate regulatory mechanisms. That, in turn, requires policies to improve the competitiveness of local firms and help them to engage in activities with greater value added.

8. In that regard, one recent example of good practice is cooperation between UNCTAD and UNIDO on the latter's Youth and Women Entrepreneurship Promotion project in Ethiopia. The project is aimed at supporting the country's industrialization process by building the capacity of government implementing agencies and aligning various initiatives and actors with regard to entrepreneurship development. UNCTAD is providing its Entrepreneurship Policy Framework methodology to develop the national entrepreneurship strategy, which will complement the country's industrial policies.

9. An important emerging target group for the development and implementation of entrepreneurship policies is that of migrants and refugees. UNCTAD, in conjunction with the International Organization for Migration and the Office of the United Nations High Commissioner for Refugees, is developing a policy guide to provide a high-level framework for policies and programmes to support migrant and refugee entrepreneurship. The objective is to facilitate the socioeconomic inclusion of migrants and refugees and to maximize their contribution to home and host economies through entrepreneurial activities. ILO has also adapted its entrepreneurship tools to the needs of those groups.³

² See *World Investment Report 2018: Investment and New Industrial Policies*, United Nations publication, Sales No. E.18.II.D.4.

³ See <https://www.ilo.org/empent/Projects/refugee-livelihoods/lang--en/index.htm>.

Optimizing the regulatory framework

10. Activities have been carried out to promote regulatory reforms that foster the long-term growth of micro-, small and medium-sized enterprises, including by building on the advantages of digitalization to improve transparency and fast-track business procedures. The following initiatives can be highlighted:

- Mauritius and Rwanda have introduced bold measures to improve regulations for start-ups, including: regulatory sandboxes; visa simplification; one-stop shops for business establishment and e-registration.
- The Latin American entrepreneurs association (ASELA) has brought together the national associations of Argentina, Chile, Colombia, Mexico and Peru and encouraged those countries to share experiences and introduce reforms, such as laws introduced in Chile and Mexico to enable people to start a business in a single day.
- The UNCTAD e-regulations system helps Governments to improve the transparency and efficiency of administrative procedures and governance. It has implemented 55 iterations of its online business facilitation platforms across 30 countries, encompassing more than 4,000 documented procedures and generating an 80 per cent average reduction in the necessary administrative steps, forms and documents in beneficiary countries.⁴
- The Global Enterprise Registration portal, which was jointly developed by UNCTAD and the Global Entrepreneurship Network, is designed to simplify administrative procedures on a global scale, starting with business registration online.

11. In some instances, the private sector has taken the lead in organizing policy hackathons⁵ to proactively deal with constraints identified in the business environment. For example, Global Start-up Nations policy hacks were held in 2018 in Estonia, Rwanda and South Africa; i4Policy and Global Entrepreneurship Network Africa have conducted several policy hacks that have led to action plans to promote entrepreneurship, boosting the impact of public policies.

12. The importance of developing and implementing policies and programmes to support women entrepreneurs is highlighted in resolution 71/221. Efforts continue to address administrative barriers and remove restrictions that deter women from engaging in business, and thereby to facilitate gender equality and contribute to higher female participation in the formal labour force and greater income equality. Recent and ongoing initiatives focusing on women's economic empowerment and equal rights include:

- The High-level Panel on Women's Economic Empowerment was convened by the Secretary-General in 2017. In its first report, the panel tackled systemic constraints leading to persistent gaps in terms of economic opportunities for women. It mapped seven drivers of change to overcome those constraints, along with recommendations for action.⁶
- The Gender Equality Advisory Council for the Canadian presidency in 2018 of the Group of Seven (G7) countries recommended that leaders of those countries promote, and encourage the private sector to adopt, the Women's Empowerment

⁴ <https://businessfacilitation.org/views/tools/eregulations/index.php>.

⁵ A brainchild of the technology sector, policy hackathons bring together stakeholders interested in a challenge. Starting with a short presentation, they see how far they can move towards finding a viable policy solution on a tight schedule.

⁶ High-level Panel on Women's Economic Empowerment, *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment* (2016).

Principles of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), require annual reporting on the percentage of women and men on boards and in leadership positions and set a binding series of dates for achieving gender parity by 2030.

- Women20 (W20) is a transnational network of women's organizations, female entrepreneurs' associations and think tanks striving to promote women's economic empowerment as an integral part of the work of the Group of 20 (G20).
- Gender and Entrepreneurship Together (GET Ahead for Women in Enterprise) is a skills training programme of the International Labour Organization (ILO) that targets women entrepreneurs.⁷ It falls within the comprehensive framework of the ILO Women's Entrepreneurship Development Programme.
- The SheTrades initiative of the International Trade Centre (ITC) aims to connect one million women entrepreneurs around the world to markets by 2020.
- The UNCTAD Empretec Women in Business Award is presented every two years to women trained by national Empretec centres to recognize best practices in women entrepreneurship. The next award ceremony will take place in Geneva, Switzerland, in October 2018.
- UN-Women, together with the European Union and ILO, runs the We Empower programme, which aims to create an enabling environment in which the active engagement of the corporate sector blends with public policies led by the G7 countries. In 2017, UN-Women launched the annual EQUALs in Tech Awards and, in March 2018, convened the annual Women's Empowerment Principles Forum. Another flagship initiative is the Stimulating Equal Opportunities for Women Entrepreneurs programme.

Enhancing education and skills development

13. Entrepreneurship education is critical for strengthening skills development. Examples include:

- The ILO Start and Improve your Business and Know about Business programmes and, in Africa, the Tony Elumelu Foundation Entrepreneurship Programme have proven to be effective tools for developing entrepreneurial skills globally.
- UNCTAD has expanded its flagship Empretec programme for facilitating entrepreneurship skills to new countries: in Kenya, it was launched in 2017 with the support of the Ministry of Industry, Trade and Cooperatives; in Cameroon, it was launched in 2016 with the support of the Ministry of Small and Medium Sized Enterprises, Social Economy and Handicrafts; in Angola, the programme was launched in August 2018 as a key component of the Train for Trade II programme, which is financed by the European Union and aims to improve human and institutional capacities to foster appropriate economic diversification policies in the country.⁸

⁷ http://www.ilo.org/empent/Publications/WCMS_116100_lang--en_index.htm.

⁸ Components selected by the Government for this project include: trade policy and negotiations (commercial diplomacy); trade facilitation; logistics; small and medium-sized enterprise development; export promotion and trade finance; scoping non-oil trade opportunities and diversification; and creative industries.

- The European Union Entrepreneurship Competence Framework (EntreComp) is designed to develop 15 competences in an 8-level progression model and proposes a comprehensive list of 442 learning outcomes. The framework can be used as a basis for entrepreneurship curricula and learning activities.
- UN-Women is developing a virtual skills school to train women entrepreneurs.

Improving access to finance

14. Many Governments have engaged in initiatives to tap new forms of financing, such as blended finance and crowdfunding, including in collaboration with the private sector, as well as tax incentives. Selected practices include:

- The Small Enterprise Finance Agency in South Africa helps to facilitate funding without collateral where loans are intended for purchasing equipment.
- In Africa, GroFin provides small and medium-sized enterprises with growth finance and access to value chains and has had measurable success in reducing the mortality rate of such businesses.
- Start-up Chile contributed some \$40 million to 1,300 promising businesses from nearly 80 countries between 2010 and 2016, generating roughly 1,600 jobs and \$100 million in external funding. It has become the central convening force for a national entrepreneurial movement and received international plaudits.
- In Mexico, the National Entrepreneurship Institute, which has been in operation since 2013, has effectively promoted early-stage start-ups and helped as many as 620,000 micro-, small and medium-sized businesses, leading to the launch of some 6,000 new companies and to the creation of 73,000 new jobs.
- In Argentina, legislation on entrepreneurs that was passed in March 2017 facilitates the growth of start-ups by introducing measures such as tax breaks and incentives for individuals, corporations and institutional investors.
- In Armenia, a revolving fund set up by the Government and the VTB Armenia Bank, supported by UNIDO and the Government of Austria, facilitates access to finance for young entrepreneurs.

15. One way of improving access to finance for micro-, small and medium-sized firms is by facilitating investment, including impact investment. The Global Sustainable Investment Alliance, which brings together the seven largest sustainable investment membership organizations in the world, defines impact or community investing as “targeted investments, typically made in private markets, aimed at solving social or environmental problems, and including community investing, where capital is specifically directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose”. Impact investing often includes the microfinance industry. Globally, assets under management of impact and community investment increased from \$101 billion in 2014 to \$248 billion in 2016, representing growth of 146 per cent growth.⁹

16. Venture capital investment in sustainable sectors is another way of financing entrepreneurship promotion focusing on start-ups. According to OECD, “Venture capital is made up by the sum of early stage (including pre-seed, seed, start-up and other early stage) and later stage venture capital”.¹⁰ The OECD entrepreneurship

⁹ Global Sustainable Investment Alliance, *Global Sustainable Investment Alliance Review 2016*.

¹⁰ OECD, *Entrepreneurship at a Glance 2017* (Paris: OECD Publishing, 2017).

financing database provides data on venture capital, albeit without sectoral breakdown and only for OECD countries.

17. In South Africa, the African Investing for Impact Barometer, published by the Bertha Centre for Social Innovation and Entrepreneurship at Cape Town University, surveys the range of investment seeking to integrate financial returns and positive impact on society and the environment and shows the diversity and importance of different sustainable finance strategies.¹¹

18. Ad hoc studies mapping the state of impact investing in Latin America show that the industry grew by 12 times between 2008 and 2013. There has been a shift from international to local financial firms. According to the Aspen Network of Development Entrepreneurs, the available capital for impact investing amounts to \$2.3 billion, \$1.2 billion of which is managed by firms with headquarters in the region. The top priority sectors are financial inclusion, agriculture, education and health.¹²

19. Improving financial literacy is important for facilitating access to financial services for micro-, small and medium-sized enterprises. Two regional workshops on accounting and insurance for small and medium-sized enterprises were organized by UNCTAD in collaboration with a number of national key partners in Colombia (2016) and Kenya (2017). Their objective was to facilitate policymaking to enhance the ability of such firms to produce and submit accounting statements to capital providers.

Facilitating technology innovation and exchange

20. The spread of new technologies can provide opportunities for businesses to improve their competitiveness and increase their productive capacity. Information and communications technology (ICT) has been a fundamental enabler of growth in international production and has facilitated the spread of new governance mechanisms in global value chains; it also facilitates links between national small and medium-sized enterprises and multinational enterprises, thereby enhancing access to global markets.¹³

21. Countries have continued their efforts in support of technology exchange and transfer, innovation and capacity-building programmes:

- In Estonia, the entrepreneurship growth strategy for the period 2014–2020 focuses on increasing productivity, stimulating entrepreneurship and encouraging innovation, particularly in the areas of health technology and high technology.
- In Tunisia, the law on start-ups enacted in 2018 puts science and technology at the heart of a strategy aimed at diversifying the economy beyond the traditional sectors of agriculture and tourism.
- In Peru, the National Science, Technology and Innovation Council held a competition in 2018 to promote research-based start-ups.

¹¹ See www.gsb.uct.ac.za/impact-barometer-5.

¹² André Leme, Fernando Martins and Kusi Hornberger, *The State of Impact Investment in Latin America* (Bain and Company, 2014) and Aspen Network of Development Entrepreneurs, Latin American Private Equity and Venture Capital Association and LGT Impact Futures, *The Impact Investing Landscape in Latin America* (2016).

¹³ *World Investment Report 2018: Investment and the Digital Economy*, United Nations publication, Sales No. E.17.II.D.3.

- In the Arab region, MIT Enterprise Forum Pan Arab identified key start-ups using ICT for product development through its Arab Start-Up Competition, which was held in 2017.
- Since the UNCTAD eTrade for All initiative went online in April 2017, its list of partners has grown to 29. It is being implemented in developing countries to foster growth driven by e-commerce.¹⁴

Promoting awareness and networking

22. Recent and ongoing initiatives highlighting the contribution of entrepreneurs to economic growth and the implementation of the Sustainable Development Goals include:

- Global Entrepreneurship Week 2017, which involved more than 8.6 million people in 164 countries with the help of more than 17,000 partners.
- A forum hosted by the International Council for Small Businesses on 12 May 2018 at United Nations Headquarters in New York, in partnership with the Permanent Missions of Argentina and the Republic of Korea to the United Nations. The Forum, which had more than 400 attendants, focused on the theme of creating a shared value for entrepreneurs and micro-, small and medium-sized enterprises in the framework of the Sustainable Development Goals.
- The #Accelerate2030 platform, which was launched by the United Nations Development Programme (UNDP) and Impact Hub and which is aimed at supporting and promoting the most promising impact-driven ventures across the globe. It focused on achieving the Sustainable Development Goals.
- General Assembly resolution 71/279 of 2017, in which 27 June was proclaimed Micro-, Small and Medium-sized Enterprises Day. The aim of the resolution is to raise public awareness of the contribution made by such businesses to sustainable development and to encourage global United Nations initiatives in the area.

23. Initiatives have been launched to promote awareness among young people of the importance of entrepreneurial skills in enhancing their employability (see box 2). The Inter-Agency Network on Youth Development, which seeks to strengthen cooperation between United Nations entities on youth issues, has established a system-wide action plan as a roadmap for youth development.

24. Launched by UNCTAD and the Alibaba Business School in 2016, the eFounders Initiative was set up to help small businesses. In 2017, UNCTAD joined the World Intellectual Property Organization, the Politecnico di Milano, Youth Business International and Impact Hub Geneva to launch Start-ups for SDGs, a yearly pitching event supported by impact investors and sustainable finance experts. Every two years, UNCTAD also organizes a youth forum. It will next be held in October 2018 as part of the World Investment Forum (WIF) with a theme entitled "Youth Entrepreneurship: A Force Towards Inclusive and Sustainable Growth".

¹⁴ http://unctad.org/en/Pages/DTL/STI_and_ICTs/eTrade-for-All.aspx.

Box 2

Youth entrepreneurship initiatives

- Youth Business International is a global network of non-profit initiatives operating in more than 50 countries that helps young people to start and grow their businesses. In 2017, it helped 14,406 young people to start their businesses and trained 200,000 more.
- Child and Youth Finance International aims to empower young people by boosting their financial capabilities and facilitating access to appropriate financial services. In 2017, the network's Global Money Week initiative reached 7.8 million children in 137 countries with around 73,000 activities involving 23,700 organizations.
- Junior Achievement is the world's largest non-profit youth organization dedicated to educating students about workforce readiness, entrepreneurship and financial literacy. Through its network of 383,000 volunteers, it conducted more than 400,000 classes for some 10.8 million students around the world in 2017.
- Through its productive work for youth initiative, UNIDO addresses policy, builds the capacity of institutions and entrepreneurs and targets strategic industrial sectors with high growth and job creation potential.
- The Global Initiative on Decent Jobs for Youth is an overarching and inclusive multi-stakeholder partnership that seeks to scale up action on youth employment under the 2030 Agenda. The thematic priority on youth entrepreneurship and self-employment is co-led by ILO, ITC, the United Nations Capital Development Fund, UNCTAD and UNIDO.
- The ITC Trade Accelerator offers a range of services to start-ups owned by young entrepreneurs, connecting them to international markets.

III. Promoting entrepreneurship at the regional and city levels

25. Entrepreneurship is a crucial element in fostering regional economic cooperation. Initiatives at the regional level to discuss priority reforms include:

26. **Latin America.** In November 2016, UNCTAD joined the Empretec Argentina Foundation, the Ministry of Production of Argentina and Prodem in organizing a regional workshop on the implementation of entrepreneurship policies. Final recommendations included: the simplification of administrative procedures to create new enterprises; the creation of a single visa requirement for entrepreneurs travelling in the region; regionally oriented support for start-ups working on environmental and social impact issues; the formation of regional support or mentorship networks; the creation of a regional fund for entrepreneurship or a common investment fund; and the establishment of a regional platform to measure the impact of entrepreneurship policies. Super hubs have been created in Brazil, Chile, Colombia and Mexico, bringing together recently established high-impact businesses, seed funds, corporate implants and services for entrepreneurs.

27. **Africa.** In March 2017, a ministerial round table for African States on the role of small and medium-sized enterprises in the industrialization of Africa was organized by UNCTAD and the Department of Trade and Industry of South Africa during the Global Entrepreneurship Congress. Ministers from Cameroon, Mali, Nigeria and Uganda, as well as other senior policymakers from African countries and the New Partnership for Africa's Development, discussed the role of entrepreneurship in meeting the goals of the Agenda 2063 of the African Union and the 2030 Agenda and

how to enhance the impact of entrepreneurship policies and practices through regional cooperation. In November 2017, UNCTAD and the Rwanda Development Board convened a meeting of several countries to identify policies impeding progress in Africa. Participants stressed the role of the digital economy in enhancing access to the global market and driving innovation for micro-, small and medium-sized enterprises. In that regard, the 22 On Sloane start-up campus in South Africa, which is co-organized by Kenya and Nigeria and has continental reach, and similar initiatives are creating an environment conducive to the empowerment of young African entrepreneurs.

28. **Asia.** The ASEAN Economic Community has increased its focus on supporting women's entrepreneurship, in particular in the context of the ASEAN strategic action plan for the development of small and medium-sized enterprises for the period 2016–2025. At a meeting held on 16 May 2017 in Kuala Terengganu, Malaysia, the ASEAN Coordinating Committee on Micro-, Small and Medium-sized Enterprises discussed recommendations on a broad range of policies aimed at reducing the costs of formalization, increasing its benefits and removing legislation that impedes women's access to more advanced sectors of the economy.

29. **Middle East.** The RiseUp summit, one of the key entrepreneurship events in the Middle East and North Africa region, was held in 2017 for the fifth year. Participants recommended several regulatory reforms needed in the region, taking their cue from the United Arab Emirates and its leading economic centre, Dubai. Efforts are being made to set up a mature angel-to-venture capital pipeline to encourage the region's start-ups to grow globally.

30. Parallel to enhanced regional cooperation on the design of entrepreneurship policies, initiatives have been launched to map the entrepreneurial ecosystems of cities, municipalities and communities, with a view to fostering an enabling environment for local business, which directly and indirectly affects entrepreneurial success and impact:

- Endeavor, MaRs, Nesta and the World Bank have conducted an ecosystem mapping project in more than 25 cities worldwide.
- In 2018, the Aspen Network of Development Entrepreneurs released entrepreneurial ecosystem snapshots of Lagos and Abuja (Nigeria) and Accra (Ghana) and started a mapping exercise in Kampala (Uganda).
- In Canada, the Startup Ecosystem Strategy for Toronto is a blueprint for fulfilling the ambitions of that city to become the start-up capital of the world.
- In Colombia, the city of Manizales has launched, in partnership with Babson College, an initiative to instil a spirit of entrepreneurship in local indigenous communities.
- In Ecuador, the city of Guayaquil, building on cooperation with the Guayaquil Emprise entrepreneurship centre and with the support of UNCTAD, has developed an entrepreneurship strategy.

IV. Promoting social entrepreneurship and the social economy

31. Social entrepreneurship is an important factor in achieving the Sustainable Development Goals, as it provides efficient, innovative, sustainable and financially viable solutions to social and environmental problems. Social enterprises represent a new way of doing business. They prioritize a purpose, embedded in social and environmental objectives, as much as profit-making and, by doing so, become agents

of change, fostering inclusive growth and societal values, such as democratic governance, profit reinvestment, frugal innovation and social impact.

32. Increasingly, social enterprises are providing creative solutions that address the needs of disadvantaged groups and provide affordable services in different areas. Sustainable Development for All provides lighting to low-income households in Kenya that previously lacked electricity. Social enterprises also seek to meet pressing environmental challenges with responses such as the circular economy, which aims to maximize the use of existing assets and create new revenue streams. RREUSE, for example, is a network of social enterprises in Europe active in reuse, repair and recycling.

33. A corollary to the growing interest in social entrepreneurship is the emerging role of the social and solidarity economy, with a growing focus on cooperatives.¹⁵ The social and solidarity economy refers to the production and sale of goods and services guided by the principles and practices of cooperation, solidarity, ethics, democratic self-management, reciprocity and democracy in economic activities.¹⁶ In the period 2017–2018, the work of the Inter-Agency Task Force on Social and Solidarity Economy has been key in raising awareness of the role of collective action and active citizenship for the economic and political empowerment of disadvantaged or fragile groups in society, including migrants and refugees.

34. Social enterprises have different business models, which tend to reinvest most of their profits with a focus on the creation of value for their community, as well as for their stakeholders. They apply innovative, market-based solutions to address social or environmental problems.

Increasing the international visibility and recognition of social enterprises

35. In several countries, the social economy is becoming a public priority. Much more, however, needs to be done at all levels of public policymaking. Recent achievements include:

- In February 2017, the Executive Secretary of the Economic and Social Commission for Asia and the Pacific announced an agreement with the British Council to promote the growth of social enterprises and social impact investment across the Asia-Pacific region as a means of supporting progress on the Sustainable Development Goals.
- In 2016, the European Commission Expert Group on the social business initiative published a call for a European action plan on social enterprises and the social economy. Based on the recommendations of the expert group, the Commission decided in early 2017 to set up an informal task force, bringing together more than 20 Directorates General working on related projects.¹⁷
- In the African Development Bank private sector development strategy for the period 2013–2017, the significant potential of social enterprises and businesses was underlined as “an effective way of fostering social innovation, entrepreneurship and value chain development. They can also be combined with microfinance to broaden effectiveness, development impact and sustainability”.

¹⁵ United Nations, Inter-Agency Task Force on Social and Solidarity Economy, “Social and solidarity economy and the challenge of sustainable development” (June 2014).

¹⁶ Peter Utting, “Realizing the 2030 development agenda through social and solidarity economy” (2015).

¹⁷ See also http://ec.europa.eu/growth/sectors/social-economy/enterprises_en.

- ILO has played an important role in raising the visibility of the social and solidarity economy in policy circles in Africa through regional meetings and technical assistance in South Africa. It has also done work on facilitating financing mechanisms.
- In 2017, UNIDO launched the Entrepreneurs for Social Change (E4SC) programme in cooperation with the CRT Foundation.
- In 2017, the Council of Arab Economic Unity jointly organized a two-day seminar in Tunisia on the social and solidarity economy with the Arab Cooperative Union and the Tunisian Cooperatives Union. The seminar concluded with a recommendation to the League of Arab States to incorporate the social and solidarity economy in all of its development strategies and programmes.
- In August 2017, the social and solidarity economy was included for the first time in the agenda of the Economic and Social Council of the League of Arab States for discussion as a potential means to counter precarious work and support social integration in Arab countries. The Council referred the proposal to the Council of Arab Ministers for Social Affairs and ILO for consideration.

Improving legal and regulatory frameworks

36. In North America and in most European countries, laws recognizing social enterprises have helped to institutionalize them and serve as a catalyst for growth in the social economy sector.

- In the European Union, 20 of the 28 member States have a national definition of social enterprises. Recognizing them as legal entities allows them to register and start their businesses and access funding and other business support that is essential for their operations.
- In the United Kingdom of Great Britain and Northern Ireland, the community investment tax relief available to social enterprises has encouraged them to invest in poor communities.
- In Thailand, the Social Enterprise Promotion Act was passed in 2015. Under the Act, social enterprises are institutionalized, recognized as legal entities and afforded a favourable tax structure.
- In 2017, Belgium implemented social economy measures, including a reduced rate of value added tax for some social economy initiatives and a tax exemption for integration enterprises.
- In the Republic of Korea, 1,606 social enterprises were registered in the period 2007–2017 in a new certification system launched in 2007 under the Social Enterprise Promotion Act.
- In November 2016, the European Parliament issued a declaration on the social and solidarity economy (No. 0124/2016). As a result, Finland began, in 2017, to pioneer the use of social criteria in public procurement processes, a measure that has attracted international attention.
- The European Parliament is considering legislating for a social enterprises statute, under which such firms might be awarded a “European social enterprise” label.

Facilitating access to finance

37. Increasing resources are being channelled in to social enterprises through de-risking mechanisms and social impact investments.¹⁸ In particular, hybrid and tailored financing have proven to be effective in supporting social purpose ventures. Hybrid finance refers to the combination of philanthropic capital and impact investment, namely to the allocation of financial resources to social ventures combining different types of risk and return profiles. Tailored financing is the process through which a venture philanthropy organization or social investor finds the most suitable financial instruments available (grant, debt, equity and hybrid financial instruments), depending on the impact, expectations of financial return and risk profile of the venture.

Enhancing social entrepreneurship education, awareness and networking

38. Governments are strengthening the capacity of education systems, including vocational training centres, to provide the skills and competences needed for social entrepreneurship.

- In the United Kingdom, UnLtd, a network for social enterprises, has partnered with 56 higher education institutions to embed a culture of social entrepreneurship. It offers apprenticeships aimed at exposing young people in school and university to social entrepreneurship as a viable career choice.
- At the international level, platforms such as Business Schools for Impact, an UNCTAD initiative launched in collaboration with the Global Business School Network and the Global Alliance on Management Education (CEMs) networks and top business schools around the world, are promoting sustainable development by focusing on pro-poor business solutions. Social entrepreneurship is being integrated into the curricula of business schools. UNCTAD has developed a social entrepreneurship skills methodology. Increasingly, social entrepreneurship is taught as a subject in many universities around the world.
- Ashoka, one of the world's leading organizations supporting social entrepreneurs and connecting them with each other, has developed a social enterprise toolkit, including a template financial model that can be used to model expected cash flows, potential social impact and the financing terms of hybrid financial sources.
- The European Learning for Youth in Social Entrepreneurship programme uses knowledge on social entrepreneurship training harnessed in five European countries (Croatia, Italy, Poland, Portugal and the United Kingdom) to provide an overview of different methodologies used by youth organizations, universities, local authorities, accelerators and incubators, charities, social enterprises and investors, to support young social entrepreneurs.

V. Impact of entrepreneurship policies on the Sustainable Development Goals

39. Measuring the impact of entrepreneurship policies on sustainable development remains a challenge. The adoption of the 2030 Agenda and its monitoring indicators has made it still more important to develop and implement methodologies for data collection on the role of entrepreneurship and micro-, small and medium-sized

¹⁸ Alessia Gianoncelli and Priscilla Boiardi, *Financing for Social Impact: The Key Role of Tailored Financing and Hybrid Finance* (European Venture Philanthropy Association, 2017).

enterprises in the implementation of the Sustainable Development Goals and their impact on sustainable and inclusive growth.

40. Entrepreneurship is directly related to Goals 4 and 8 and targets 4.4 and 8.3 include references to entrepreneurship (see table 1).

Table 1

Entrepreneurship in the Sustainable Development Goals framework

<i>Goal</i>	<i>Target</i>	<i>Indicator</i>
Goal 4	Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	Indicator 4.4.1: Proportion of youth and adults with ICT skills, by type of skill.
Goal 8	Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises, including through access to financial services.	Indicator 8.3.1: Proportion of informal employment in non-agriculture employment, by sex.

41. The related indicators link entrepreneurship to ICT skills (4.4.1) and formal employment (8.3.1). Although the targets mention issues such as the number of youth and adults with entrepreneurship skills (target 4.4) or increased formalization and access to financial services for micro-, small and medium-sized enterprises (target 8.3), no indicators are proposed for monitoring progress in those areas. More consideration should be given to the contribution of entrepreneurship to sustainable development, including by developing monitoring indicators on the impact of the entrepreneurship on the implementation of the Sustainable Development Goals.

42. The results of efforts to promote entrepreneurship are visible. In Cameroon, for example, measures to promote entrepreneurship have led to more start-ups being run by young people and women, who have received priority under the Government's strategy. The e-registration portal has been extended to the country's five main cities. Between 2010 and 2017, more than 124 procedures were published online, representing more than 740 formalities, 2,000 forms or documents, 265 public agents and 90 laws, regulations or decrees. Some 11,000 entrepreneurs have been registered through MyBusiness.cm, the online registration platform implemented under the UNCTAD e-registration programme.

43. In the Gambia, the participatory process involving the various stakeholders and grassroots institutions permitted policy changes that contributed to the country's democratization process. In the United Republic of Tanzania, the newly established National Economic Empowerment Council led the way in introducing governance and institutional changes in support of inclusive entrepreneurship development. In the Dominican Republic, the public-private sector consultation mechanism introduced by UNCTAD led to the creation of pressure groups pushing for reforms. In El Salvador, the national entrepreneurship policy led to the promotion of dialogue, coordination and joint efforts at the national and local levels. In Ecuador, 36 regulatory reforms have been proposed to the Government. The adoption in that country of entrepreneurship policies contributed to the creation of 150 innovative firms between 2015 and 2017, creating more than 1,000 jobs and generating \$7.3 billion in exports.

44. Initiatives are under way to collect data on small and medium-sized enterprises and entrepreneurship promotion. The Global Entrepreneurship Monitor report for 2017–2018, which covers 68 per cent of the world's population in 54 economies, estimates that entrepreneurship levels are globally stable or on the rise. According to the report, 43 per cent of the world's population saw good opportunities for starting a business within the following six months.

45. Eurostat collects data on small and medium-sized enterprises on a yearly basis. It has developed a comprehensive platform to explain the importance of the data and disseminate it.¹⁹ The OECD Centre for Entrepreneurship, SMEs, Regions and Cities has published statistical data on entrepreneurship and small and medium-sized enterprises in various reports. In the developing world, countries such as Malaysia have made efforts to collect statistical information on small and medium-sized enterprises through regular business surveys. There remains, however, a dearth of data in least developed countries, where information is gathered only sporadically when an enterprise census is carried out. In that regard, the Integrated Business Enterprise Survey carried out on a yearly basis in Rwanda can be considered good practice.

46. Databases related to specific dimensions of entrepreneurship can provide valuable statistical evidence. The Doing Business reports of the World Bank, for example, cover aspects of the regulatory environment for start-ups and micro-, small and medium-sized enterprises. According to the World Bank, the number of documents needed to register a business decreased from 7.5 to 6.9 globally between 2014 and 2017.²⁰ Between 2010 and 2017, according to its Enterprise Surveys, access to finance for businesses increased at the global level: on average, 33.5 per cent of firms obtained a bank loan in that period.²¹ Other indexes look at different dimensions of entrepreneurship. For example, according to the Global Entrepreneurship Index, produced by the Global Entrepreneurship and Development Institute, the global scores for start-up skills and risk acceptance reached 0.4 and 0.314 respectively in 2018.

47. Nevertheless, more needs to be done to collect high quality, accessible, timely and reliable disaggregated data in order to monitor progress in the implementation of entrepreneurship policies and their direct and indirect contribution to the achievement of the Sustainable Development Goals.

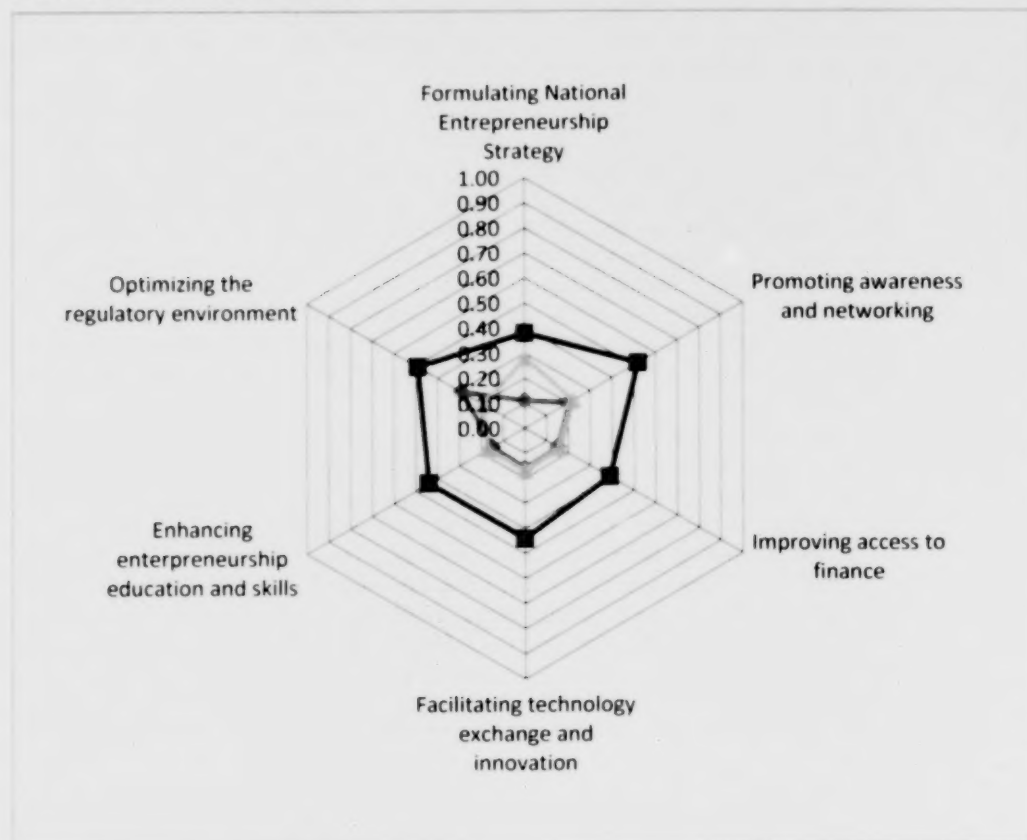
48. In its Entrepreneurship Policy Framework, UNCTAD provides a methodology for assessing progress that has been applied in eight countries. It helps policymakers to examine the status of entrepreneurship, identify gaps and consider policy priorities against the best practices outlined in the Framework. It also allows them to develop a national benchmark and to monitor, over time, progress in implementing policies for enabling entrepreneurship under the six pillars of the Framework. Scores on those pillars in three countries in which the methodology has been applied appear in figure 1 and reflect the varying constraints faced by different countries. The score of the components is based on detailed scores for different policy requirements in each component.

¹⁹ http://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme?p_id=NavTreeportletprod_WAR_NavTreeportletprod_INSTANCE_vxIB581HY09rg&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_pos=1&p_p_col_count=4.

²⁰ World Bank, *Doing Business 2018: Reforming to Create Jobs* (Washington, D.C., 2018).

²¹ See www.enterprisesurveys.org/data/exploretopics/finance.

Figure 1
Examples of the application of the entrepreneurial ecosystem perception scorecard in selected countries



Source: UNCTAD.

49. Assessing and measuring the impact of entrepreneurship and micro-, small and medium-sized enterprises on sustainable development could be facilitated by using data reported by companies. The core indicators proposed by UNCTAD through its International Standards of Accounting and Reporting (ISAR) programme provide baseline metrics on how companies of different sizes and sectors can report on their contribution to the implementation of the Sustainable Development Goals in alignment with the macro indicators in the related areas. The indicators, which will be discussed by the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting at its thirty-fifth session from 24 to 26 October 2018 in Geneva, focus on the efforts of businesses to make rational use of resources, including water, land, energy, waste reduction and human capital. Such data could help them to monitor their costs, thereby improving profitability and contributing to the achievement of the Sustainable Development Goals at the same time. As sustainable investment becomes mainstream, small and medium-sized enterprises stand to gain in terms of financing and growth by embracing accessible frameworks for sustainability reporting, such as the core indicators proposed by UNCTAD. A preliminary selection of those indicators appears in the annex.

50. Under the United Nations Global Compact and the Global Reporting Initiative, an action platform for reporting on the Sustainable Development Goals has been

created to inform companies on best practice in corporate reporting. The first deliverable of the initiative consisted of a mapping of indicators relating to the Goals against existing reporting guidelines and frameworks, thereby providing an exhaustive compendium of avenues through which companies can report on the Goals.

VI. Conclusions

51. Since the adoption of resolution 71/221 in 2016, countries have maintained efforts to promote entrepreneurship and the development of micro-, small and medium-sized enterprises and to enhance inclusiveness and coordination between all stakeholders. Progress in the implementation of the 2030 Agenda has further highlighted the key role that entrepreneurship plays in achieving the Sustainable Development Goals.

52. In the current biennium, the international community should continue to support the implementation of inclusive entrepreneurship policies aligned with the Sustainable Development Goals by collecting data and disseminating lessons learned from best practices. The promotion of social entrepreneurship and the social and solidarity economy should also be a priority for donors and development partners. A celebration day could be devoted to "entrepreneurs with social impact", allowing them to become role models and a reference for younger generations.

53. Experience with the practical implementation of entrepreneurship strategies and policies at the national level in several countries underlines the need to:

- Introduce measures to assess the status of entrepreneurship and progress in its promotion. Entrepreneurship may be held back by very different factors. It is important to map its status in the country and identify the main challenges and opportunities. Constraints may vary fundamentally from one country to another, even in the same region. Using best international or regional practices as benchmarks may help to pinpoint strengths and weaknesses in the development of entrepreneurship in a country. At the same time, policymakers should treat country comparisons with caution. Each country has a unique history and specific initial conditions and preferences that need to be taken into account when formulating a tailor-made strategy.
- Develop action plans, assigning responsibilities and ensuring coordination. Entrepreneurship development is a cross-cutting area and involves a range of policy actions that often fall under the responsibility of different government institutions and ministries. It is therefore important to designate a lead institution to ensure coherence and the coordination of key stakeholders. The development of an action plan, including a time frame with short, medium and long-term objectives, resource availability, monitoring mechanisms and evaluation criteria, is critical.
- Stimulate partnerships at all levels and a multi-stakeholder dialogue involving the public and private sectors, academia and relevant local, regional and national institutions. The involvement of those sectors and institutions in policy development and implementation contributes to stakeholder buy-in and spreads awareness of the benefits of entrepreneurship for society. The involvement of entrepreneurs is crucial, as they stand to gain or lose the most as a result of entrepreneurship policy. In that regard, the coordination of main players at the global level is fundamental to the creation of synergies and ensuring complementarities.

- Conduct regular reviews to assess the contribution of entrepreneurship to the achievement of the Sustainable Development Goals. Regular reviews can help policymakers and government officials to keep abreast of trends and develop and implement targeted entrepreneurship policies that are aligned with the Goals. For the periodic evaluation of policies, it is important to define measurable objectives translated into key performance indicators that can be tracked over time to flag any improvement or deterioration in the entrepreneurial ecosystem. In that regard, concerted global efforts are needed to develop a statistical indicator framework and institutional mechanisms to produce and collect data on the impact of micro-, small and medium-sized enterprises and entrepreneurship on the implementation of the Goals. Such indicators could be incorporated into the monitoring framework of the Goals, which would enable countries to provide regular voluntary reporting in this area.

Annex

Proposed core Sustainable Development Goal indicators for enterprise reporting on environmental issues that could be relevant to small and medium-sized enterprises

<i>Indicators</i>	<i>Definitions</i>	<i>Sustainable Development Goal Targets Indicators</i>
Green investment	Investment that can be considered directly or indirectly positive for the environment	7.B.1
Water recycling	Total volume of water that a reporting entity recycles or reuses during the reporting period	6.3.1
Water-use efficiency	Change in water consumption per net value added in the reporting period	6.4.1
Reduction of waste generation	Change in the enterprise's waste generation per net value added	12.5
Waste recycling	Percentage of recycled input materials used to manufacture the enterprise's primary products and services	12.5.1
Greenhouse gas emissions	Direct greenhouse gas emissions per unit of net value added	9.4.1
Renewable energy	Consumption of renewable energy as a percentage of its total energy consumption during the reporting period	7.2.1
Energy efficiency	Energy consumption divided by net value added	7.3.1

Source: UNCTAD.

Proposed core Sustainable Development Goal indicators for enterprise reporting on social issues that could be relevant to small and medium-sized enterprises

<i>Indicators</i>	<i>Definitions</i>	<i>Sustainable Development Goal Indicators</i>
Community investment	Community investment refers to charitable donations and investment of funds in the broader community, where the target beneficiaries are external to the enterprise	17.17.1
Proportion of women in managerial positions	Number of women in managerial positions divided by the total number of employees	5.5.2
Average hours of training per year per employee, broken down by employee category	Activity that includes all types of vocational training and instruction, paid educational leave provided by the reporting entity for its employees, training or education pursued externally and paid for in whole or in part by the reporting entity and training on specific topics such as health and safety	4.3.1
Expenditure on employee health and safety	Total cost of employee health and safety, in monetary units, by adding up the figures obtained from costs of occupational safety and health-related insurance programmes, the cost to the enterprise of health-care activities financed directly by the enterprise, and costs incurred by the enterprise on working environment issues related to occupational safety and health	3.8

Source: UNCTAD.